POSITIVE PROFITS AND POSITIVE SURPLUS LABOUR

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Abstract

In 1975 Ian Steedman gave an example of a pure joint production system (i.e., without fixed capital or land) in which the rate of profits and their associated prices of production were positive and yet aggregate "surplus value" was negative. This example sparked a controversy related to the questions of how to define labour values in the context of joint production and, particularly, whether or not it implied a refutation of the so-called "fundamental Marxian theorem". Many authors tried to get around Steedman´s critique through redefinitions of the labour values of single commodities, arguments about heterogeneous labour and considerations about the problem of choice of technique. Few contributors, however, discussed the actual economic meaning and relevance of the special assumptions in Steedman´s example. In this paper we try to do that by a critical survey and a theoretical evaluation of this literature. We make use of Steedman´s original numerical example as basis to compare and contrast the different contributions. Our main conclusions are that although labour values for some single commodities can indeed be negative in the most general case (this may happen if the system is not all-productive), the basic and sensible classical proposition that in the aggregate less labour would be necessary to produce only the necessary wage basket than to meet also the total final demand coming from the expenditures of the capitalists always holds, even if in some cases producing the necessary wage basket could entail also jointly producing some extra outputs unneeded by the workers.

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